

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 TRSE-00 COME-00
L-03 SSO-00 NSCE-00 USIE-00 INRE-00 FRB-03 OMB-01
ITC-01 SP-02 AGRE-00 AID-05 CIAE-00 INR-10 LAB-04
NSAE-00 OIC-02 SIL-01 STR-07 CEA-01 SS-15 DOE-15
SOE-02 /116 R

DRAFTED BY EB/ISM: SCHAAS:JG
APPROVED BY EB/ORF:SWBOSWORTH
EB/ISM - RMOGDEN
TREASURY - TDULANEY
COMMERCE - FSISSIGER(INFO)
L/:B - CROH
EB/ICD:EAWENDT

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O 280042Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY LONDON IMMEDIATE
AMEMBASSY BONN IMMEDIATE
AMEMBASSY STOCKHOLM IMMEDIATE
AMEMBASSY TOKYO IMMEDIATE
USMISSION GENEVA IMMEDIATE

C O N F I D E N T I A L STATE 079031

E.O. 11652: GDS

TAGS:

SUBJECT: TUNSTEN AND THE APRIL 4 MEETING OF THE TRADE AND
DEVELOPMENT BOARD (TDB)

REF: GENEVA 2924 GENEVA 3078 GENEVA 3484(NOTAL)

1. SUMMARY: ADDRESSEES' HOST GOVERNMENTS HAVE CO-SPONSORED
WITH USG A PRODUCER/CONSUMER FORUM (PCF) PROPOSAL FOR
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TUNGSTEN, AND HAVE OPPOSED THE A STRALIAN BOLIVIAN PROPOSAL
FOF AN INTERNATIONAL COMMODITY AGREEMENT (ICA) AS NEITHER
FEASIBLE NOR DESIRABLE. IN ADVANCE OF TH: APRIL 4 MEETING
OF THE TDB, WE ARE TRANSMITTING BELOW THE U.S. POSITION
ON TUNGSTEN AND SEEK SUPPORT OF THE OTHER CONSUMERS. END
SUMMARY

2. THE COMMITTEE ON TUNGSTEN HAS SENT SPLIT RECOMMENDATIONS TO THE APRIL 4 TRADE AND DEVELOPMENT BOARD REGARDING THE CONVENING OF A TUNGSTEN NEGOTIATING CONFERENCE. FIVE CONSUMERS (U.S., UK, FRG, SWEDEN, AND JAPAN) REQUESTED THE TRADE AND DEVELOPMENT BOARD TO ESTABLISH A GROUP TO DRAFT A CHARTER FOR A PRODUCER/CONSUMER FORUM(PCF). MOST PRODUCERS, AND SOME CONSUMERS, RECOMMENDED THAT THE TRADE AND DEVELOPMENT BOARD REQUEST THE UNCTAD SECRETARY GENERAL TO CONVENE A NEGOTIATING CONFERENCE FOR A COMMODITY AGREEMENT.

CANADA RECOMMENDED THAT THE TDB REQUEST THE SECRETARY GENERAL TO CONVENE A GROUP TO PREPARE DRAFT ARTICLES FOR A PCF IN TREATY FORM WITH ECONOMIC PROVISIONS TO BE INCLUDED LATER IF APPROPRIATE.

3. THE USG WILL VOTE AGAINST THE CONVENING OF A NEGOTIATING CONFERENCE IF A VOTE IS CALLED. OUR POLICY IS TO PARTICIPATE IN COMMODITY ARRANGEMENTS ONLY WHEN THEY ARE BOTH FEASIBLE AND DESIRABLE AND TO TAKE A PRAGMATIC COMMODITY-BY-COMMODITY APPROACH. EXTENSIVE ANALYSIS OF THE AUSTRALIAN/BOLIVIAN PROPOSAL AND OF THE INDIVIDUAL ELEMENTS OF THAT PROPOSAL IN THE CONTEXT OF THE WORK OF THE GROUP OF EXPERTS LEADS US TO BELIEVE THAT IT IS NOT A FEASIBLE OR DESIRABLE BASIS FOR A COMMODITY AGREEMENT.

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4. WE ARE PREPARED TO INDICATE IN ADVANCE OF OR AT THE TDB MEETING THAT WE WILL NOT PARTICIPATE IN SUCH A NEGOTIATING CONFERENCE IF CALLED. WE WOULD THEREBY INFORM BOTH THE PRESIDENT OF THE TDB AND OTHER PRODUCERS AND CONSUMERS OF TUNGSTEN OF THE FIRMNESS OF OUR RESOLVE AGAINST AN ICA. WE HOPE OTHER CONSUMERS WILL BE PREPARED TO MAKE A SIMILAR STATEMENT SO AS TO HELP FORESTALL A VOTE OR THE CALLING OF A CONFERENCE.

5. WHILE WE FAVOR COMPROMISE AND THE AVOIDANCE OF A VOTE IF POSSIBLE, WE CANNOT ACCEPT THE CANADIAN PROPOSAL AS A BASIS FOR SUCH COMPROMISE. ITS OPEN-ENDED NATURE AND THE POSSIBLE INCLUSION OF BINDING ECONOMIC PROVISIONS AT A LATER DATE COULD LEAD TO EXACTLY THE DIRECT MARKET INTERVENTIONIST MEASURES WHICH WE OPPOSE. MOREOVER, WE HAVE CONCLUDED THAT A PCF IN TREATY FORM WOULD AFFORD NO ADDED PROTECTION FOR CONFIDENTIALITY OF DATA OR IMMUNITY FROM ANTI-TRUST PROBLEMS.

6. WE WILL CONTINUE TO SEEK MAXIMUM SUPPORT FOR THE PCF PROPOSAL WHICH CONSUMERS PRESENTED AT THE FEBRUARY MEETING

OF THE COMMITTEE ON TUNGSTEN AND ARE WILLING TO CONSIDER REASONABLE CHANGES IN THAT PROPOSAL.

7. AS A COMPROMISE, WE ARE WILLING TO HAVE TUNGSTEN ISSUES RECOMMITTED TO THE COMMITTEE ON TUNGSTEN FOR FURTHER STUDY, INCLUDING THE CANADIAN PROPOSAL AND OTHER MEASURES WHICH MAY BE PROPOSED. WE WOULD NOT PLAN TO PARTICIPATE IN FURTHER EXAMINATION OF THE AUSTRALIAN/BOLIVIAN PROPOSAL, HOWEVER, SINCE IT ALREADY HAS BEEN REVIEWED EXHAUSTIVELY IN THE EXPERTS GROUP.

8. ACTION REQUESTED:

FOR LONDON, BONN, STOCKHOLM, AND TOKYO: PLEASE
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CONVEY ASAP TO APPROPRIATELY HIGH-LEVEL OFFICIALS IN HOST GOVERNMENT THE US POSITION FOR THE TDB, DRAWING ON PARAS 3-7. PLEASE ALSO SEEK HOST GOVERNMENT SUPPORT FOR THAT POSITION AND FOR A JOINT STAND PRIOR TO AND DURING THE TDB. POSTS SHOULD REPORT RESULTS BY IMMEDIATE TELEGRAM, SINCE WE WISH TO INFORM KEY PRODUCERS OF OUR POSITION IN ADVANCE OF THE TDB.

FOR LONDON: PLEASE PASS SUBSTANCE OF US POSITION TO TAKAGI OF JAPAN METALS CENTER, LONDON.

FOR GENEVA: PLEASE CONSULT WITH PERMREPS OF UK, FRG, SWEDEN, AND JAPAN ON US POSITION AND REPORT ANY REACTION BY IMMEDIATE TELEGRAM. VANCE

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Message Attributes

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